

B U S I N E S S S I T U A T I O N

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REAL GROSS domestic product (GDP) increased 5.8 percent in the fourth quarter of 1999, according to the "advance" estimates of the national income and product accounts (NIPA's), after increasing 5.7 percent in the third quarter (table 1 and chart 1).¹ The price index for gross domestic purchases increased 2.3 percent after increasing 1.7 percent. Real disposable personal income increased 4.6 percent after increasing 2.9 percent; the personal saving rate (personal saving as a percentage of current-dollar disposable personal income) continued its

downtrend, decreasing to 1.9 percent from 2.1 percent.

The largest contributors to the fourth-quarter increase in real GDP were personal consumption expenditures (PCE), government spending, inventory investment, and exports (table 2). (These components, along with private nonresidential fixed investment, also contributed substantially to the third-quarter increase in real GDP.) PCE increased 5.3 percent in the fourth quarter and contributed 3.6 percentage points to the growth in GDP; expenditures for durable goods, for non-durable goods, and for services all increased. Government spending increased 8.4 percent and contributed 1.5 percentage points; spending by the Federal Government and by State and local governments both increased. Inventory investment increased \$27.4 billion, as the pace of ac-

Table 1.—Real Gross Domestic Product, Real Gross Domestic Purchases, and Real Final Sales to Domestic Purchasers

[Quarterly estimates seasonally adjusted at annual rates]

	Billions of chained (1996) dollars						Percent change from preceding period					
	Change from preceding period						1998	1999	1999			
	1998	1999	1999						I	II	III	IV
			I	II	III	IV						
Gross domestic product	351.2	344.7	78.7	40.7	122.0	126.3	4.3	4.0	3.7	1.9	5.7	5.8
Less: Exports of goods and services	21.7	35.4	-14.4	10.0	28.4	17.6	2.2	3.5	-5.5	4.0	11.5	6.9
Plus: Imports of goods and services	127.0	144.8	37.8	44.5	47.6	35.6	11.6	11.8	12.5	14.4	14.9	10.6
Equals: Gross domestic purchases	449.3	442.3	125.9	70.8	138.7	142.5	5.4	5.1	5.8	3.2	6.3	6.3
Less: Change in private inventories	5.2	-32.4	-20.6	-36.1	24.0	27.4	.....	.....	.....	.....	.....	.....
Nonfarm	7.0	-31.0	-15.1	-30.0	28.1	30.2	.....	.....	.....	.....	.....	.....
Farm	-2.1	-1.6	-5.4	-6.5	-4.7	-3.4	.....	.....	.....	.....	.....	.....
Equals: Final sales to domestic purchasers	443.6	470.2	144.2	103.0	114.4	116.1	5.4	5.4	6.7	4.7	5.2	5.2
Personal consumption expenditures	264.9	300.1	92.6	73.4	71.5	77.9	4.9	5.3	6.5	5.1	4.9	5.3
Durable goods	74.1	83.6	22.8	17.3	15.1	23.3	11.3	11.4	12.4	9.1	7.7	11.8
Nondurable goods	65.4	89.3	36.9	14.2	15.6	26.6	4.0	5.3	8.9	3.3	3.6	6.1
Services	127.8	132.3	34.5	42.7	41.4	30.0	4.0	4.0	4.2	5.2	5.0	3.5
Gross private domestic fixed investment	155.8	117.6	33.4	25.1	26.3	6.2	11.8	8.0	9.1	6.6	6.8	1.5
Nonresidential fixed investment	126.8	92.9	21.9	20.2	31.4	7.6	12.7	8.3	7.8	7.0	10.9	2.5
Structures	10.1	-6.8	-3.8	-3.4	-2.4	-3.3	4.1	-2.7	-5.8	-5.3	-3.8	-5.3
Equipment and software	118.7	104.9	27.2	25.2	35.7	12.1	15.8	12.0	12.5	11.2	15.7	4.9
Residential investment	29.6	25.2	11.1	5.1	-3.7	-1.1	9.2	7.2	12.9	5.5	-3.8	-1.2
Government consumption expenditures and gross investment	25.2	54.3	18.7	4.9	17.0	31.2	1.7	3.7	5.1	1.3	4.5	8.4
Federal	-4.8	15.2	-6	2.8	5.5	20.4	-9	2.9	-5	2.1	4.1	16.0
National defense	-6.6	6.4	-3.5	-2.2	9.1	15.4	-1.9	1.9	-4.0	-2.6	11.2	18.9
Nondefense	1.7	8.7	2.8	5.0	-3.6	5.1	1.0	4.7	6.1	10.9	-7.1	11.0
State and local	29.8	39.1	19.3	2.2	11.5	10.9	3.2	4.1	8.2	.9	4.8	4.4
Addendum: Final sales of domestic product	345.6	372.4	96.9	72.7	97.9	100.1	4.3	4.4	4.6	3.4	4.5	4.6

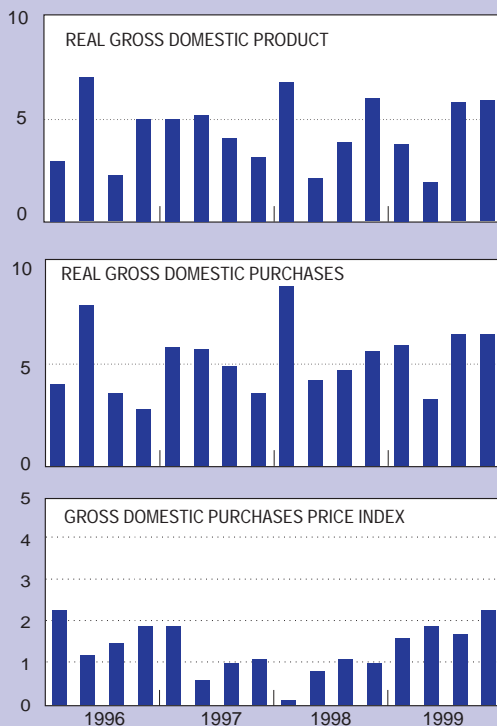
NOTE.—Chained (1996) dollar series are calculated as the product of the chain-type quantity index and the 1996 current-dollar value of the corresponding series, divided by 100. Because the formula for the chain-type quantity indexes uses weights of more than one period, the corresponding chained-dollar estimates usually are not additive. Chained (1996) dollar levels and residuals,

which measure the extent of nonadditivity in each table, are in NIPA tables 1.2, 1.4, and 1.6. Percent changes are calculated from unrounded data. Percent changes in major aggregates are in NIPA table S.1. (See "Selected NIPA Tables," which begins on page D-2 of this issue.)

CHART 1

Selected Measures: Change From Preceding Quarter

Percent



Note.—Percent change at annual rate from preceding quarter; based on seasonally adjusted estimates.

U.S. Department of Commerce, Bureau of Economic Analysis

Table 2.—Contributions to Percent Change in Real Gross Domestic Product

[Quarterly estimates seasonally adjusted at annual rates]

	1998	1999	1999			
			I	II	III	IV
Percent change at annual rate:						
Gross domestic product	4.3	4.0	3.7	1.9	5.7	5.8
Percentage points at annual rates:						
Personal consumption						
expenditures	3.24	3.52	4.27	3.36	3.33	3.59
Durable goods .....	.86	.89	.96	.71	.62	.93
Nondurable goods .....	.79	1.04	1.68	.64	.73	1.22
Services	1.59	1.59	1.63	2.01	1.97	1.43
Gross private domestic						
investment	1.93	.99	.67	-.36	2.25	1.46
Fixed investment	1.86	1.32	1.48	1.10	1.16	.28
Nonresidential	1.49	1.02	.94	.86	1.33	.33
Structures .....	.13	-.08	-.18	-.16	-.11	-.15
Equipment and software	1.37	1.10	1.12	1.02	1.44	.48
Residential .....	.37	.31	.53	.24	-.17	-.05
Change in private inventories .....	.07	-.33	-.80	-1.46	1.09	1.18
Net exports of goods and						
services	-1.18	-1.11	-2.13	-1.35	-.72	-.70
Exports .....	.25	.38	-.61	.42	1.19	.74
Goods .....	.17	.29	-.74	.32	1.19	.57
Services .....	.08	.09	.13	.10	0	.17
Imports	-1.43	-1.49	-1.52	-1.77	-1.91	-1.44
Goods	-1.21	-1.33	-1.28	-1.59	-1.83	-1.13
Services	-.22	-.16	-.24	-.19	-.08	-.30
Government consumption						
expenditures and gross						
investment .....	.31	.64	.87	.23	.81	1.45
Federal	-.06	.18	-.03	.13	.26	.94
National defense	-.08	.08	-.16	-.10	.42	.70
Nondefense .....	.02	.10	.13	.23	-.16	.24
State and local .....	.37	.47	.90	.10	.55	.52

NOTE.—More detailed contributions to percent change in real gross domestic product are shown in NIPA table 8.2. Contributions to percent change in major components of real gross domestic product are shown in tables 8.3 through 8.6.

Table 3.—Motor Vehicle Output, Sales, and Inventories

[Seasonally adjusted at annual rates]

	Billions of chained (1996) dollars					Percent change from preceding quarter			
	Level	Change from preceding quarter				1999			
	1999	1999							
	IV	I	II	III	IV	I	II	III	IV
Output	361.1	-19.7	6.7	20.1	5.3	-20.7	8.4	26.2	6.1
Autos	137.0	-22.0	2.3	2.4	7.2	-47.7	7.5	7.6	24.2
Trucks	223.6	2.0	4.4	17.6	-1.8	4.1	9.0	38.3	-3.1
Less: Exports	26.7	-1.8	2.3	-1.9	2.4	-25.2	43.3	-25.5	44.7
Autos	17.0	-1.6	2.1	-2.2	1.8	-33.0	67.0	-41.8	56.4
Trucks	9.7	-2	.2	.3	.6	-8.8	8.4	14.6	27.2
Plus: Imports	117.4	9.2	.6	6.8	-3	41.6	2.2	26.8	-9
Autos	97.7	6.6	-2.3	8.1	0	34.4	-9.7	41.2	.1
Trucks	19.6	2.6	2.9	-1.3	-3	85.7	80.7	-21.8	-5.2
Equals: Gross domestic purchases	452.2	-8.3	5.0	28.9	2.6	-7.6	4.9	30.4	2.3
Autos	218.3	-13.3	-2.3	12.9	5.3	-22.5	-4.5	28.5	10.3
Trucks	233.7	4.9	7.2	15.9	-2.6	9.8	14.3	32.2	-4.4
Less: Change in private inventories	16.2	-10.2	-4.0	10.8	2.9	.....	.....	.....	.....
Autos	5.7	-11.2	-9.6	11.1	2.5	.....	.....	.....	.....
Trucks	9.9	.5	4.7	.2	.5	.....	.....	.....	.....
Equals: Final sales to domestic purchasers	435.6	1.9	9.0	17.9	-4	1.9	9.1	18.3	-4
Autos	212.6	-2.4	6.9	2.1	2.8	-4.7	14.6	4.0	5.5
Trucks	223.0	4.3	2.1	15.8	-3.2	8.7	4.0	33.5	-5.6
Addenda:									
Personal consumption expenditures	256.2	.9	6.1	1.5	3.4	1.4	10.3	2.4	5.5
Private fixed investment	163.6	2.2	3.8	14.0	-6.4	6.0	10.3	41.0	-14.2
Gross government investment	15.6	-1.1	-9	2.3	2.5	-30.9	-26.7	115.7	102.7

NOTE.—See note to table 1 for an explanation of chained (1996) dollars. Truck output includes new trucks only; auto output includes new cars and used cars. Chained (1996) dollar levels for

motor vehicle output, auto and truck output, and residuals, which measure the extent of nonadditivity in each table, are in NIPA tables 1.4 and 8.9B.

cumulation increased to \$65.4 billion from \$38.0 billion, and contributed 1.2 percentage points to GDP growth. Exports increased 6.9 percent and contributed 0.7 percentage point. The increases in these components were partly offset by a 10.6-percent increase in imports, which subtracted 1.4 percentage points from GDP growth.

Motor vehicles.—Real motor vehicle output increased 6.1 percent in the fourth quarter after increasing 26.2 percent in the third (table 3).² The slowdown was more than accounted for by truck output, which decreased after increasing substantially; auto output accelerated.

2. For more information on motor-vehicle developments, see "Motor Vehicles, 1999" in this issue.

Fourth-Quarter 1999 Advance GDP Estimate: Source Data and Assumptions

The "advance" GDP estimate for the fourth quarter is based on preliminary and incomplete source data; as more and better data become available, the estimate will be revised. The advance estimate is based on the following major source data. (The number of months for which data were available is shown in parentheses.)

Personal consumption expenditures: Sales of retail stores (3) and unit auto and truck sales (3);

Nonresidential fixed investment: Unit auto and truck sales (3), construction put in place (2), manufacturers' shipments of machinery and equipment other than aircraft (2), shipments of civilian aircraft (2), and exports and imports of machinery and equipment (2);

Residential investment: Construction put in place (2) and single-family housing starts (3);

Change in private inventories: Manufacturing and trade inventories (2) and unit auto and truck inventories (3);

Net exports of goods and services: Exports and imports of goods and services (2);

Government consumption expenditures and gross investment: Federal outlays (3), State and local construction put in place (2), and State and local employment (3);

GDP prices: Consumer price index (3), producer price index (3), U.S. import and export price indexes (3), and values and quantities of petroleum imports (2).

BEA made assumptions for source data that were not available. Table A shows the assumptions for key series; a more comprehensive listing of assumptions is available from STAT-USA/Internet, a service of the U.S. Department of Commerce, or from the BEA Web site <www.bea.doc.gov>.

Table A.—Summary of Major Data Assumptions for Advance Estimates, 1999:IV

[Billions of dollars, seasonally adjusted at annual rates]

	1999					
	July	August	September	October	November	December ¹
Fixed investment:						
Nonresidential structures:						
Buildings, utilities, and farm:						
Value of new nonresidential construction put in place	183.3	181.0	180.9	178.1	183.9	183.4
Equipment and software:						
Manufacturers' shipments of complete civilian aircraft	37.9	56.2	29.7	46.8	38.9	48.3
Manufacturers' shipments of nondefense capital goods other than aircraft	585.3	575.0	568.7	579.9	573.5	571.2
Residential structures:						
Value of new residential construction put in place:						
1-unit structures	211.3	210.7	211.0	212.7	215.0	220.1
2-or-more-unit structures	27.6	27.9	28.1	27.0	28.9	28.1
Change in private inventories, nonfarm:						
Change in inventories for manufacturing and trade (except nonmerchant wholesalers) for industries other than motor vehicles and equipment in trade	49.9	35.4	57.3	56.5	84.7	73.6
Net exports: ²						
Exports of goods:						
U.S. exports of goods, balance-of-payments basis	670.7	709.7	707.2	707.1	714.5	723.6
Excluding nonmonetary gold	668.9	704.9	695.5	702.3	702.4	713.8
Imports of goods:						
U.S. imports of goods, balance-of-payments basis	1,047.7	1,071.2	1,069.7	1,088.9	1,103.8	1,115.2
Excluding nonmonetary gold	1,045.0	1,063.3	1,058.2	1,082.5	1,091.8	1,105.4
Net exports of goods (exports less imports)	-377.1	-361.6	-362.5	-381.8	-389.3	-391.6
Excluding nonmonetary gold	-376.1	-358.4	-362.7	-380.2	-389.3	-391.6
Government consumption expenditures and gross investment:						
State and local:						
Structures:						
Value of new construction put in place	141.9	143.3	144.6	142.8	152.4	146.2

1. Assumed.

2. Nonmonetary gold is included in balance-of-payments basis exports and imports but is not used directly in the estimation of NIPA exports and imports.

Final sales of motor vehicles to domestic purchasers decreased 0.4 percent after increasing 18.3 percent, as a step-up in consumer purchases was more than offset by a downturn in purchases by businesses (private fixed investment). Truck sales decreased after a sharp increase; auto sales increased a little more than in the third quarter.

Factors frequently considered in analyses of consumer spending were favorable in the fourth quarter. The growth of real disposable personal income picked up to 4.6 percent from 2.9 percent, and the unemployment rate decreased to 4.1 percent from 4.2 percent. The Index of Consumer Sentiment (a measure of consumer attitudes and expectations prepared by the University of Michigan's Survey Research Center) remained at a high level.

Factors specific to motor vehicle purchases were mixed. Interest rates on new-car loans increased, but manufacturers continued to offer attractive sales-incentive programs.

Imports of motor vehicles decreased slightly after a substantial increase, and exports increased substantially after decreasing.

Motor vehicle inventory investment increased less than in the third quarter. The inventory-sales ratio for new domestic autos, which is calculated from units data, increased to 2.3 at the end of the fourth quarter from 2.1 at the end of the third; the traditional industry target is 2.4.

Prices

The price index for gross domestic purchases, which measures the prices paid for goods and services purchased by U.S. residents, increased 2.3 percent in the fourth quarter after increasing 1.7 percent in the third (*table 4*). Prices of gross domestic purchases less food and energy increased 2.0 percent after increasing 1.2 percent (*chart 2*). The step-ups were accounted for by prices of PCE and of private nonresidential fixed investment.

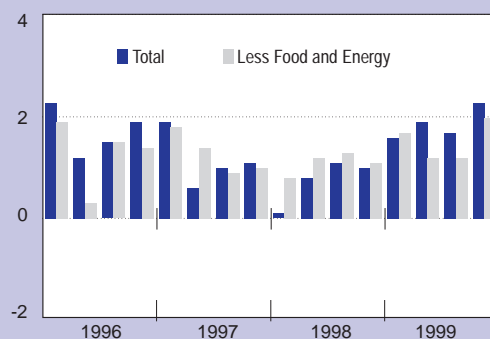
PCE prices increased 2.5 percent after increasing 1.8 percent. Prices of PCE other than food and energy increased 2.1 percent after increasing 1.2 percent; prices of clothing and shoes turned up, and prices of brokerage services, of housing, and of household operation other than electricity and gas accelerated. Food prices increased about the same as in the third quarter; step-ups in meat and dairy prices were offset by downturns in prices of poultry and of fruits and vegetables. Prices of energy goods and services increased 10.6 percent after increasing 14.2 percent, reflecting decelerations in the prices of gasoline and oil and of natural gas.

Prices of private nonresidential fixed investment increased 0.1 percent after decreasing 1.3 percent. Prices of equipment and software decreased 1.0 percent after decreasing 2.7 percent; software prices stepped up, and auto prices decreased much less than in the third quarter. Prices of structures increased 3.9 percent after increasing 3.4 percent.

CHART 2

Gross Domestic Purchases Prices: Change From Preceding Quarter

Percent



Note.—Percent change at annual rate from preceding quarter; based on seasonally adjusted index numbers (1996=100).

U.S. Department of Commerce, Bureau of Economic Analysis

Table 4.—Price Indexes

[Percent change at annual rates; quarterly estimates based on seasonally adjusted index numbers (1996=100)]

	1998	1999	1999			
			I	II	III	IV
Gross domestic product	1.2	1.4	2.0	1.3	1.1	2.0
Less: Exports of goods and services	-2.3	-4	-5	.7	1.3	2.4
Plus: Imports of goods and services	-5.3	.3	-3.0	5.2	6.2	4.2
Equals: Gross domestic purchases .....	.7	1.5	1.6	1.9	1.7	2.3
Less: Change in private inventories .....	.....	.....	.....	.....	.....	.....
Equals: Final sales to domestic purchasers .....	.8	1.5	1.7	2.0	1.8	2.3
Personal consumption expenditures .....	.9	1.6	1.4	2.2	1.8	2.5
Food	1.7	2.0	2.5	1.2	2.1	2.2
Energy goods and services ¹	-7.5	3.7	-2.5	26.9	14.2	10.6
Other personal consumption expenditures	1.3	1.4	1.4	1.3	1.2	2.1
Private nonresidential fixed investment	-1.8	-1.3	-9	-1.4	-1.3	.1
Structures	3.1	2.7	1.3	2.2	3.4	3.9
Equipment and software	-3.4	-2.5	-1.6	-2.5	-2.7	-1.0
Private residential investment	2.6	4.0	4.0	3.6	4.1	3.5
Government consumption expenditures and gross investment	1.5	2.7	3.8	2.9	3.3	3.0
Federal	1.1	3.0	8.6	.9	1.8	2.2
National defense .....	.8	2.7	7.6	1.0	1.8	2.0
Nondefense	1.6	3.6	10.4	.7	1.8	2.6
State and local	1.8	2.5	1.4	4.0	4.2	3.4
Addendum: Gross domestic purchases less food and energy	1.0	1.4	1.7	1.2	1.2	2.0

1. Consists of gasoline, fuel oil, and other energy goods and of electricity and gas.

NOTE.—Percent changes in major aggregates are in NIPA table 8.1. Index number levels are in tables 7.1, 7.2, and 7.4.

Prices of government consumption expenditures and gross investment increased 3.0 percent after increasing 3.3 percent. A slowdown in prices paid by State and local governments more than offset a step-up in prices paid by the Federal Government. Prices paid by State and local governments increased 3.4 percent after increasing 4.2 percent. Prices paid by the Federal Government increased 2.2 percent after increasing 1.8 percent.

The GDP price index, which measures the prices paid for goods and services produced in the United States, increased 2.0 percent after increasing 1.1 percent. The GDP price index, unlike the price index for gross domestic purchases, includes the prices of exports and excludes the prices of imports. Export prices increased 2.4 percent after increasing 1.3 percent; prices accelerated for automotive vehicles, engines, and parts, for civilian aircraft, engines, and parts, and for durable

industrial supplies and materials. Import prices increased 4.2 percent after increasing 6.2 percent; prices slowed substantially for nonpetroleum industrial supplies and materials and for petroleum and products.

Personal income

Current-dollar disposable personal income (DPI) increased 7.2 percent in the fourth quarter af-

Table 5.—Personal Income and Its Disposition

[Billions of dollars; quarterly estimates seasonally adjusted at annual rates]

	Level		Change from preceding period					
	1999	1999	1998	1999	1999			
		IV			I	II	III	IV
Wage and salary disbursements	4,472.7	4,577.2	297.1	286.7	74.2	61.1	76.8	67.8
Private industries	3,746.3	3,839.0	268.8	253.1	61.2	55.6	67.8	59.9
Goods-producing industries	1,082.6	1,102.2	63.2	43.9	6.3	12.2	15.1	12.0
Manufacturing	779.9	791.4	38.7	22.4	1.4	7.8	11.6	5.0
Distributive industries	1,005.5	1,024.8	65.5	60.9	16.4	11.3	15.8	11.4
Service industries	1,658.1	1,711.9	140.1	148.2	38.6	31.9	37.0	36.4
Government	726.4	738.2	28.4	33.6	13.0	5.5	9.0	7.9
Other labor income	535.8	543.8	14.8	20.1	5.9	5.0	5.5	5.3
Proprietors' income with IVA and CCAAdj	658.0	682.7	27.5	51.9	2.8	15.4	-1.3	28.7
Farm	31.3	37.5	-4.4	6.2	-8.6	1.6	-13.1	16.5
Nonfarm	626.7	645.2	31.9	45.7	11.5	13.7	11.8	12.2
Rental income of persons with CCAAdj	146.1	148.2	7.2	8.7	1.6	.2	-9.8	9.2
Personal dividend income	364.3	373.1	14.9	16.0	4.2	5.1	5.8	6.1
Personal interest income	930.6	955.6	42.9	32.8	1.0	13.1	18.3	16.8
Transfer payments to persons	1,018.2	1,030.2	21.2	34.6	16.8	5.8	7.7	8.9
Less: Personal contributions for social insurance	334.5	340.2	17.8	18.6	6.9	3.4	4.4	3.5
Personal income	7,791.2	7,970.6	407.8	432.3	99.4	102.4	98.8	139.2
Less: Personal tax and nontax payments	1,152.0	1,183.2	104.3	79.4	11.8	14.6	21.0	22.8
Equals: Disposable personal income	6,639.2	6,787.4	303.4	353.0	87.6	87.8	77.8	116.4
Less: Personal outlays	6,480.9	6,656.6	344.9	424.3	120.0	114.9	106.3	125.1
Equals: Personal saving	158.3	130.8	-41.4	-71.4	-32.4	-27.1	-28.5	-8.7
Addenda: Special factors in personal income:								
In wages and salaries:								
Manufacturing bonus payments		2.5			0	0	0	2.5
Due to Hurricane Floyd		0			0	0	.3	-.3
Federal Government and Postal Service pay adjustments		6.2			6.2	0	0	0
In farm proprietors' income:								
Subsidies		17.0			3.1	4.9	-7.9	16.8
Due to Hurricane Floyd		0			0	0	-.6	.6
In nonfarm proprietors' income:								
Due to Hurricane Floyd		0			0	0	-.4	.4
In rental income of persons with CCAAdj:								
Subsidies		3.7			.4	1.4	-1.8	3.7
Due to Hurricane Floyd		-2			0	0	-4.7	4.5
In transfer payments to persons:								
Social security retroactive payments		1.2			-1.2	0	0	1.2
Cost-of-living adjustments in Federal transfer programs		6.6			6.3	0	0	.3
Earned Income Tax Credit and Child Tax Credit payments		3.4			3.4	0	0	0
In personal contributions for social insurance:								
Tax rate, base, and law change		3.0			3.0	0	0	0
Supplementary medical insurance premiums .....		.8			.8	0	0	0
In personal tax and nontax payments:								
Tax law changes		-5.7			-5.7	0	0	0
Minnesota's tax rebate		0			0	0	-5.2	5.2

NOTE.—Most dollar levels are in NIPA table 2.1.

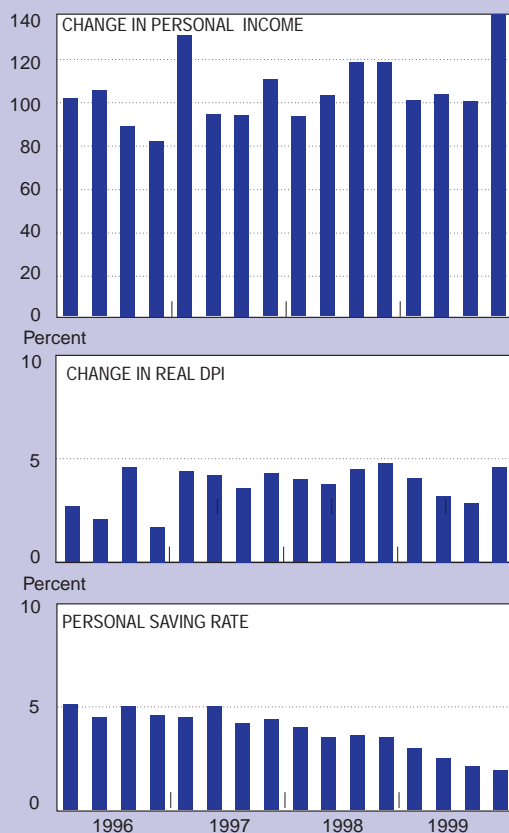
IVA Inventory valuation adjustment

CCAAdj Capital consumption adjustment

CHART 3

Selected Personal Income and Saving Measures

Billions \$



Note.—Changes are from preceding quarter; based on seasonally adjusted annual rates.

ter increasing 4.8 percent in the third. The personal saving rate (saving as a percentage of current-dollar DPI) decreased to 1.9 percent from 2.1 percent, as personal outlays increased more than DPI; the decrease in the saving rate was the smallest in several quarters (chart 3).

Personal income increased \$139.2 billion after increasing \$98.8 billion (table 5). The step-up was primarily accounted for by upturns in farm proprietors' income and in rental income of persons; wage and salary disbursements increased less than in the third quarter, and other components of personal income increased about the same amount in both quarters.

Farm proprietors' income increased \$16.5 billion after decreasing \$13.1 billion. The upturn primarily reflected the pattern of farm subsidy payments, which increased \$16.8 billion after decreasing \$7.9 billion.

Rental income of persons increased \$9.2 billion after decreasing \$9.8 billion. The upturn was largely accounted for by a rebound from \$4.7 billion of uninsured losses in the third quarter that had resulted from Hurricane Floyd.

Wage and salary disbursements increased \$67.8 billion after increasing \$76.8 billion. Disbursements slowed most in the goods-producing and the distributive industries. In private wages and salaries, the slowdown mainly reflected a downturn in average weekly hours and a slowdown in average hourly earnings.


The Year 1999

In 1999, the U.S. economy experienced another year of above-average growth in production and income and below-average inflation. Real GDP

and real DPI both increased 4.0 percent, a little less than in 1998 but above their average growth rates for the current expansion; for the expansion, which began in the second quarter of 1991, the average annual growth rates are 3.6 percent for real GDP and 3.0 percent for real DPI.³ The price index for gross domestic purchases increased 1.5 percent in 1999, up from 0.7 percent in 1998 but less than the 1.8-percent average rate of increase for the expansion as a whole.

PCE increased 5.3 percent in 1999 and contributed 3.5 percentage points to the growth of real GDP; almost half of the PCE increase was in services. Nonresidential fixed investment increased 8.3 percent and contributed 1.0 percentage points to real GDP growth; equipment and software more than accounted for the increase. Government spending increased 3.7 percent and contributed 0.6 percentage point; most of the increase was accounted for by State and local government. The contributions of these components were partly offset by imports, which increased 11.8 percent and subtracted 1.5 percentage points from GDP growth.

The growth in real DPI reflected a larger increase in current-dollar DPI than in PCE prices. The increase in current-dollar DPI was largely accounted for by wage and salary disbursements, which increased \$286.7 billion (or 6.8 percent); proprietors' income, transfer payments to persons, and personal interest income also contributed. Personal tax and nontax payments increased \$79.4 billion. The personal saving rate decreased to 2.4 percent from 3.7 percent.

The increase in the price index for gross domestic purchases mainly reflected increases in prices of PCE and of government consumption expenditures and gross investment that were partly offset by a decrease in prices of nonresidential fixed investment. About half of the step-up in gross domestic purchases prices was attributable to an acceleration in food prices and an upturn in energy prices; the price index for gross domestic purchases excluding food and energy increased 1.4 percent after increasing 1.0 percent. 

Updated Schedule for Publication of Revised Estimates

In October 1999, BEA released revised estimates of the national income and product accounts (NIPA's) for 1959–99 that incorporated the latest comprehensive NIPA revision. Below is an approximate schedule for publication in the SURVEY OF CURRENT BUSINESS of additional NIPA estimates and of other estimates that will incorporate the results of this revision.

April 2000: Revised NIPA estimates, 1929–98

April 2000: Fixed assets and consumer durable goods (fixed reproducible tangible wealth), 1925–98

May 2000: Gross product by industry, 1987–98

June 2000: State personal income, 1969–99

July 2000: Local area personal income, 1969–98

Fall 2000: Gross state product, 1977–98

In addition, these estimates will be posted on BEA's Web site at <www.bea.doc.gov> as soon as they are available.

3. The 1999 increases are calculated from annual levels for 1998 and 1999. From fourth-quarter 1998 to fourth-quarter 1999, real GDP increased 4.2 percent, and real DPI increased 3.8 percent.